

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE CASH MARKETS (3/19):
BUTTER: Grade AA closed at \$1.2000. The weekly average for Grade AA is \$1.2383 (-.1175).

CHEESE: Barrels closed at \$1.3025 and blocks at \$1.3300. The weekly average for barrels is \$1.2995 (+.0075) and blocks, \$1.3300 (N.C.).

NONFAT DRY MILK: Extra Grade closed at \$1.0325 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0325 (-.0025) and Grade A is \$1.0500 (N.C.).

BUTTER: Butter markets are weak. Producers and handlers have varying opinions as to how they are pricing butter following the implementation of multi day per week cash trading. No consensus among the trade has been reached and some of the various ways being used are: previous Friday's close, previous week's average, date of sale, date of shipment, etc. Churning schedules are seasonally active. Cream supplies remain readily available to local churns with some producers looking for additional cream to maintain full churning schedules. Butter orders for the current Lenten and upcoming Passover/Easter holiday are reported to be quite good. For the most part, these holiday orders have been placed for the balance of the season, but not necessarily shipped, thus producers have a good idea of their upcoming needs.

CHEESE: The cheese market is steady on blocks; slightly firmer on barrels. Supplies of barrels are tight to adequate while block offerings are adequate. Product for anticipated holiday orders is moving through the distribution channels. Seasonal shifts in cheese demand are occurring as warmer weather, particularly in the South, strengthens process sales entering the outdoor grilling and travel seasons. Milk receipts are steady to occasionally heavier. Cheese production remains seasonally heavy.

FLUID MILK: Milk production levels are generally trending seasonally higher in most areas of the country. In the Northeast and Southeast, milk output remains strong. Florida producers continue to ship surplus loads north for processing. Western production is strongest in the Southwest and Mountain States, while wet weather is tempering output in the Pacific Northwest. Class I sales were boosted in areas of the Midwest and East that experienced winter storms. Spring school breaks have begun to take a sporadic toll on fluid milk

suppliers as vacation schedules vary needs. Cream supplies are ample in all regions. Pricing determination was confused this week following the start of multi-day butter trading at the CME. Many cream multiples were anticipated to be based off a weekly average, but, in part due to the declining butter market, multiples were quoted on several other basing points.

DRY PRODUCTS: Nonfat dry milk markets remain weak in all regions. Surpluses continue to be offered to the CCC under the price support program to move excess NDM. Production is active in all regions as higher milk supplies need to be processed. Buying interest is light beyond immediate need. Competition for the limited spot market is often fierce between resellers and regional producers. Discounting is common, especially on multi-load offerings. Dry buttermilk prices are mostly steady but the market remains weak. Demand is subdued and product is available from most suppliers. Production remains active as butter churning schedules are higher to handle the cream supplies. The whey markets are steady to slightly weaker. Prices are lower in the West to move some building inventories. Production is often heavy and building seasonally. WPC and lactose markets are steady to weak, but vary on the levels of product contracted.

CCC: During the week of March 15 - 19, CCC purchased 6,290,274 pounds of NDM from Western producers.

FEBRUARY MILK PRODUCTION (USDA, NASS): Milk production in the 20 major States during February totaled 10.8 billion pounds, 4.3% above production in these same States in February 1998. January revised production, at 11.7 billion pounds was 3.5% above January 1998. Production per cow averaged 1,407 pounds for February, 60 pounds (+4.5%) above February 1998. The number of cows on farms was 7.70 million head, down 16,000 head (-0.2%) from February 1998 and down 4,000 from January 1999.

JANUARY FLUID MILK SALES HIGHLIGHTS (USDA, AMS): During January, sales of fluid milk products in Federal milk order marketing areas and California were 1.4% above January 1998, and 0.8% below December 1998 on an adjusted daily average basis. Sales of whole milk products were 1.7% above the previous year, while sales of fat-reduced milk were 1.0% above the previous year. Fluid milk sales were higher in all regions.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY MAR 15	TUESDAY MAR 16	WEDNESDAY MAR 17	THURSDAY MAR 18	FRIDAY MAR 19	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2975 (N.C.)	\$1.2975 (N.C.)	\$1.2975 (N.C.)	\$1.3025 (+.0050)	\$1.3025 (N.C.)	+.0050	\$1.2995 (+.0075)
40# BLOCKS	\$1.3300 (N.C.)	\$1.3300 (N.C.)	\$1.3300 (N.C.)	\$1.3300 (N.C.)	\$1.3300 (N.C.)	N.C.	\$1.3300 (N.C.)
NONFAT DRY MILK EXTRA GRADE	\$1.0325 (N.C.)	\$1.0325 (N.C.)	\$1.0325 (N.C.)	\$1.0325 (N.C.)	\$1.0325 (N.C.)	N.C.	\$1.0325 (-.0025)
GRADE A	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	N.C.	\$1.0500 (N.C.)
BUTTER GRADE AA	\$1.2800 (-.0650)	-----	\$1.2350 (-.0450)	-----	\$1.2000 (-.0350)	-.1450	\$1.2383 (-.1175)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

****THERE WILL BE NO CASH MARKET TRADING HELD AT THE CHICAGO MERCANTILE EXCHANGE ON FRIDAY, APRIL 2.****

CHICAGO MERCANTILE EXCHANGE

Trading Activity - March 15 - 19, 1999

MONDAY, MARCH 15, 1999

CHEESE -- SALES: 6 CARS 40# BLOCKS: 1 @ \$1.3225, 2 @ \$1.3250, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300; BIDS UNFILLED: 3 CARS BARRELS @ \$1.2975; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.3300

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 5 CARS GRADE AA: 1 @ \$1.2850, 1 @ \$1.2725, 1 @ \$1.2700, 1 @ \$1.2675, 1 @ \$1.2650; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.2800, 1 @ \$1.1000; OFFERS UNCOVERED: 9 CARS GRADE AA: 1 @ \$1.3050, 2 @ \$1.3200, 3 @ \$1.3300, 1 @ \$1.3350, 1 @ \$1.3450, 1 @ \$1.3450

TUESDAY, MARCH 16, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS @ \$1.2975; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 17, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: 5 CARS BARRELS @ \$1.2975; OFFERS UNCOVERED: 5 CARS BARRELS @ \$1.3200

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 5 CARS GRADE AA: 4 @ \$1.2400, 1 @ \$1.2350; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.2200; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.2700, 2 @ \$1.2800, 2 @ \$1.3400

THURSDAY, MARCH 18, 1999

CHEESE -- SALES: 1 CAR BARRELS @ \$1.2975; 5 CARS 40# BLOCKS: 1 @ \$1.3250, 1 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300; BIDS UNFILLED: 9 CARS BARRELS: 1 @ \$1.3025, 3 @ \$1.3000, 5 @ \$1.2975; 2 CARS 40# BLOCKS: 1 @ \$1.2700, 1 @ \$1.2500; OFFERS UNCOVERED: 6 CARS 40# BLOCKS @ \$1.3300

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 19, 1999

CHEESE -- SALES: 10 CARS BARRELS: 3 @ \$1.3050, 1 @ \$1.3025, 2 @ \$1.3050, 4 @ \$1.3025; 4 CARS 40# BLOCKS: 1 @ \$1.3275, 1 @ \$1.3300, 1 @ \$1.3275, 1 @ \$1.3300; BIDS UNFILLED: 3 CARS BARRELS @ \$1.2500 1 CAR 40# BLOCKS @ \$1.2500; OFFERS UNCOVERED: 3 CARS BARRELS @ \$1.3100

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER: SALES: NONE; BIDS UNFILLED: 5 CARS GRADE AA: 2 @ \$1.1700, 1 @ \$1.1600, 2 @ \$1.1500; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.2000, 1 @ \$1.2150, 1 @ \$1.2200, 1 @ \$1.2300, 1 @ \$1.2350

BUTTER MARKETS**NORTHEAST**

The market tone is generally steady. Premium structures are unchanged. On the March 12 trading session at the CME, the butter close was down 1 1/2 cents from Wednesday's close and 1 3/4 cents lower than the March 5 close. Sales have improved since last week. Movement however still remains slow with minimal spot trading. Some producer stocks are reported as plentiful. Most stocks continue to build for the upcoming holiday demand. Churning activity is heavy with available excess volumes of milk and cream continuing to grow.

CENTRAL

The butter market tone is weak. Butter producers and handlers continue to adjust to 3 times a week cash trading and also declining cash prices. Producers and handlers have varying ways of pricing butter at this time. Some of the various pricing arrangements are: the final cash close of the previous week, the weekly cash trading average, most recent cash value for the date of order placed and/or a combination of these, depending on the style of butter purchased. Stock levels are reported to be in fairly good balance for current needs. Lenten/Easter/Passover orders are reported to be quite good. For many producers, orders for the balance of the holiday season have been placed, although not necessarily shipped. Lighter orders are expected to continue for the next week to ten days to replenish shortages prior to the holiday. Churning schedules remain seasonally quite active.

WEST

Price differentials are now being quoted in relation to many different basing points. So far, there is no consensus with a number of alternatives being reviewed. Some contacts were surprised that the CME softened this early in relation to Easter, many felt that it would be at least another week. Print sales remain very good with good total movement expected. Bulk interest is mixed and some manufacturers are not as willing to sell at this time. Bulk is available for sale. Churning schedules are heavy with most surplus cream entering the churns at this time. When the calendar hits April, interest from ice cream plants in California should increase as pricing parameters change.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS,
TRUCKLOAD QUANTITIES.

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
MARCH 13	1.3051 6,039,921	1.2729 10,869,287	1.0184 17,971,229	1.3442 4,184,558	0.1919 7,858,231

Further data and revisions may be found on the Internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

NORTHEAST

CHEESE MARKETS

WEST

The market tone is generally steady. Prices remain unchanged on natural cheddar. Processed items are slightly lower. Cheese production is strong as manufacturers clear excess volumes of milk. Stocks are adequate and building as aged product is made for summer and fall. Excess volumes of milk encourage some plants to run at capacity levels. Demand remains seasonally slow to fair.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3300-1.8175
Cheddar Single Daisies	:	1.3025-1.8175
Cheddar 40# Block	:	1.4725-1.6175
Process 5# Loaf	:	1.4800-1.6300
Process 5# Sliced	:	1.5000-1.7300
Muenster	:	1.5100-1.8125
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is generally steady on cheddar though an undertone of weakness continues. Overall cheese movement is steady to generally just a little lighter. Process sales are steady at best at retail, continuing to be stronger, mostly good from fast food/food service accounts. A recent barrel supplier change by a couple processors is causing a few extra loads of barrels to be sold on a spot basis rather than to regular committed accounts. Natural orders are often a little lighter, reflecting the filling of most Lenten orders. Order lead times at many cheese plants are declining while others remained committed for the month. Cheese production is mostly steady to occasionally heavier, reflecting local milk receipts. Cheese yields are steady to lower. Milk shipments (surplus milk) from other parts of the country have been affected by the recent winter storm that temporarily stimulated fluid demand and reduced supplies. Ground cover ranges from greening grass to declining snow cover.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4725-1.8500
Brick And/Or Muenster 5#	:	1.7700-1.8000
Cheddar 40# Block	:	1.5925-2.1150
Monterey Jack 10#	:	1.7825-2.1150
Blue 5#	:	1.9275-2.3000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6625-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.5400-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	MARCH 15 - 19, 1999
BARRELS*	:	\$1.2725 - 1.3025 (NOMINAL)
	:	(-\$0.0100)
40# BLOCKS	:	\$1.3200 - 1.3600 (NOMINAL)
	:	

() Change from previous week. * If steel, barrel returned.

Cheese prices continue to hold relatively steady. The CME block price has been unchanged since February 11. Barrel prices have varied somewhat over that time period, but the relation to blocks has not changed much. Contacts are concerned about whether prices will be able to hold during the spring flush which is expected to be very heavy. Barrel/process cheese continues to be in the tightest position. Any offerings are clearing very easily. Natural cheese stocks are more available and sellers are more anxious to keep product moving. Mozzarella does remain short of full trade needs. Swiss stocks are in good balance.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4425-1.7000
Cheddar 40# Block	:	1.4525-1.5925
Cheddar 10# Cuts	:	1.6425-1.8525
Monterey Jack 10#	:	1.6625-1.8150
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.4800

FOREIGN

Prices are unchanged and the market tone steady. Demand for foreign type cheese is slow to fair, but some scattered improvement is noted on traditional, table cheeses for the upcoming Easter/Passover period. Stocks range from light to adequate for the generally slow to fair demand. Because of ongoing trade disputes, there is some concern, by importers, over the possible increase on tariffs of Pecorino cheeses from Italy. Also, the sudden announcement of the resignation of all 20 EU ministers is causing some confusion and/or concern.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6650-2.2750
Gorgonzola	: 3.2400-5.9400	: 2.3200-2.4900
Parmesan (Italy)	: TFEWR	: 3.0750-3.1050
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6650-1.9550
Romano (Cows Milk)	: -0-	: 2.8450-5.0800
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER		CHEESE	
	:		:
03/15/99	17,627	104,519	
03/01/99	16,171	103,484	
CHANGE	1,456	1,035	
% CHANGE	9	1	

FLUID MILK AND CREAM

E A S T

Northeastern Milk Market Administrators announced the February 1999 uniform (blend) prices: Federal Order (F.O.) 1 is \$15.82; F.O. 2, \$15.08; F.O. 4, \$16.04; F.O. 36, \$15.75; and Western NY Milk Market Area, \$15.15. During February, milk production in the 20 major states totaled 10.8 billion pounds, up 4.3% from February 1998. The following are the February to February changes for selected states: Kentucky -5.1%, Virginia -1.4%, Pennsylvania -0.8, Florida +1.4%, Texas +1.1%, Vermont +2.9%, New York +5.4%. For the current week, production is heavy. Excess volumes of milk continue to grow as spring time flush nears. A contact in the Northeast reported that milk receipts were up 2-3 million pounds compared to last year. This is more milk than they have ever previously handled. However, some contacts have also reported that milk supplies were in a better position than last week due to the recent winter storm. In the Southeast, TX, LA, and FL are producing more milk than can be consumed within each respective state. Florida, a regular importer, shipped out 85-95 loads. Last week Florida's shipments were 100-110 loads. Class I sales and bottling activity have improved due in part to a winter snow storm over the weekend. The increased movement is not anticipated to last as retailers restock their shelves. Demand is seasonally light with a continued slow tourist season in the Southeast. The condensed skim market is steady with prices unchanged. Demand is slow as milk continues to be diverted into lower priced Class III manufacturing facilities. Anticipation remains on an April drop in Class II prices. Cream supplies are mixed. Some contacts report that there is plenty of product available while others report that the market has tightened and spot loads are difficult to find. There has been some reports of cream moving into ice cream and cream cheese manufacturing facilities. Multiples are unchanged to higher. Cream prices are mixed with the some numbers lower due to a drop in butter prices at the CME. Butter makers continue to show interest in spot loads of cream. Churning activity is heavy as the Easter/Lenten/Passover season nears. Ice cream production remains seasonally fair.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	- 1.5591 - 1.8167
Delivered Equivalent Atlanta	- 1.5747 - 1.8191 M 1.6290 - 1.6968
F.O.B. Producing Plants: Upper Midwest	- 1.6813 - 1.7625

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	- 1.1500 - 1.5500
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
MARCH 12 - 18, 1999	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1998	0

Class I sales are irregular, some firms had very good storm related sales last week and are generally slower this week. Others are having improved sales this week. The usual varying spring breaks that occur this time of year are erratically slowing school milk sales for bottlers. Surplus milk volumes were much lighter than recent weeks. Reported surplus milk prices on a limited test are from right around flat class or MCP up to \$0.50 over class. Cream prices are irregular and some confusion continues over base price(s) being used by some buyers and sellers. Ice cream production varies with some plant schedules active, trying to build inventory for anticipated summer needs. Other firms have built larger inventory positions and are operating on lighter

schedules. Milk receipts at local plants are generally little changed from recent weeks. Fat and protein levels on incoming milk supplies are drifting lower seasonally. The initial February estimated milk production in selected Midwestern states compared with February 1998 is: Wisconsin 1.776 billion pounds, up 49 million pounds (2.8%); Minnesota 763 million pounds, an increase of 30 million pounds (4.1%); Michigan 426 million pounds, up 20 million pounds (4.9%), and Iowa 297 million pounds, up 1 million pounds (0.3%). Last weeks' storms left multi-inches of snow in some locations but others had limited volumes. The grass is greening at some locations "spared" by recent heavy snows.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MARCH 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 39.50	\$ 35.00- 41.00
REPLACEMENT HEIFER CALVES	\$190.00-235.00	\$120.00-150.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MARCH 11 - 17	PREVIOUS YEAR
SLAUGHTER COWS	\$ 31.00- 42.50	\$ 36.50- 42.50

W E S T

U.S. milk production in the 20 states surveyed totaled 10.8 billion pounds in February, 4.3% higher than February 1998. Production levels were higher in 15 of the 20 states. Cow numbers in February were 7.700 million head, down 16,000 (-0.2%) from a year ago. Milk per cow was 4.5% higher. February 1999 output in the five Western states surveyed compared to 1998 is: Arizona, +12.0%; California, +8.7%; Idaho, +8.1%; New Mexico, +10.9%; and Washington, +4.7%. Comparisons to 1997 follow to show that the adverse conditions in 1998 did affect two states, but did not slow down production and skew comparisons as much as had been anticipated in others. February 1999 output in the five Western states surveyed compared to 1997 is: Arizona, +6.1%; California, +11.4%; Idaho, +25.6%; New Mexico, +16.0%; and Washington, +3.7%. Milk production remains steady and strong in the Southwest. Output levels in California, Arizona, and New Mexico remain well above a year ago and continue to increase toward seasonal peak levels. The debate continues as to whether the peak will be impacted by the weather stress and related cyclical impact on milk cows. Production plants in California are said to be "snug" and milk is moving around to find processing capacity. Some plants have been put into service earlier and harder than had been anticipated. Cream sales are slow and pricing levels are often confused this week following the Chicago Mercantile Exchange's start of multiple day butter trading. Many cream multiples were anticipated to be made on a weekly average, but, in part due to the declining butter market, multiples are being quoted on several other basing points. Conditions remain very muddy in the Pacific Northwest, but a drying pattern has moved into the region. Some farmers are able to get out into their fields to spread some fertilizer and do other spring field work. Pastures are very slow growing at this time and remain too wet for efficient grazing. Some dairy operations are producing less milk because of heavier culling and because they are beginning to cut back on grain in their feeding rations as milk prices decline. Overall output continues to increase seasonally. Plants believe that they will be hard pressed to handle all the spring flush milk efficiently. Availability of dairy quality hay continues to decline. Warmer and dryer weather is more common in Utah and Idaho. Milk production continues to strengthen. Fat and protein tests on farm milk production are in seasonally good shape. Offerings of lower quality dairy hay are available and should remain so until new crop hay is available.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 03/18/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices and the market tone are unchanged. Production remains heavy, but a little lighter than past weeks. Plant stocks are heavy, but the low prices are helping ease the accumulation. Some Midwest producers report that they are bagging in "G" bags and expect to offer to CCC in the near future. Demand for NDM is fair and often for replacement volumes. Some large volume deals are being made. Demand for powder is slow to fair and buyers continue to look for deals. However, buyers foresee no supply problems in the next several months and little up turn in prices. Therefore, many are making spot purchases on an as needed basis.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0375 MOSTLY: 1.0100 - 1.0200

DRY BUTTERMILK - CENTRAL

Prices are steady to lower and the market tone, though steady, remains weak. Churning activity is moderate to heavy. Drying buttermilk is, at times, competing for dryer time with skim. Plant stocks are moderate to heavier than desired. Demand is slow to fair and barely clearing current output. Some producers report a slight improvement in demand from regular customers who are back in the market looking for replacement volumes. Most contacts note that dry buttermilk continues to be a "hard sell."

BUTTERMILK: .6800 - .7400

DRY WHEY - CENTRAL

Prices and the market tone are unchanged. Production remains heavy and producer stocks are more than ample for current domestic needs. At some locations, stocks are building, but most producers are offering slight (within the current range) discounts to keep product moving. Domestic demand is slow to fair. Some export sales are clearing product. Current U.S. prices compare favorably with other world suppliers and sales are improving. Many sales are to regular accounts, but some new interest is evident.

NONHYGROSCOPIC: .1800 - .1950 MOSTLY: .1800 - .1900

ANIMAL FEED WHEY - CENTRAL

Prices are mostly steady and the market tone is unchanged. This week, hog prices dipped below 20 cents per pound which signals no near term improvement in the hog feed market. Supplies of most feed types are adequate to heavy and demand remains slow. In some instances, less feed quality whey is being produced, but reports indicate that plenty is still available in inventories.

MILK REPLACER: .1500 - .1700
STANDARD: TFEWR
ROLLER GROUND: .1925 - .2100
DELACTOSE (Min. 20% protein): .3075 - .3375

LACTOSE - CENTRAL AND WEST

Prices and the market tone are mostly steady. Production levels are moderate to heavy. Producer stocks range from balanced to fully adequate. Most second quarter export contracts have been finalized, but some are still being negotiated. There have been some new export inquiries, but no new confirmed sales. Domestic, spot sales are fair.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1500 - .2050 MOSTLY: .1600 - .1750

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged and the market tone is still weak. Production levels are moderate to heavy and producer stocks range from in balance to ample. Those producers with contracts for domestic and/or export sales are in good shape and feel the market is firm. However, those producers who rely more on the spot market have heavier than desired stocks and feel the market is anything but firm. They have been discounting prices to keep product moving. Spot domestic demand is steady at slow to fair levels.

EXTRA GRADE 34% PROTEIN: .4600 - .5125 MOSTLY: .4750 - .4975

NONFAT DRY MILK - WEST

Western low/medium heat nonfat milk prices are mixed in a continued weak market. The mostly range is lower as sellers reduce prices to compete with each other, resellers, and NDM from other regions. Contacts are indicating that competition for the light spot market is fierce and a variety of offering schemes are present. Production levels remain heavy in all areas of the West as producers struggle to handle seasonally heavy milk supplies. DEIP orders are limited. Many producers continue to use the price support program to clear stocks. During the week of March 8 - 12, Western producers offered 4,882,167 pounds of NDM to the CCC under the price support program. High heat prices are unchanged, but are nominal in light reported trading. Offerings and demand are in a balanced position.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9900 - 1.0275 MOSTLY: 1.0050 - 1.0150

HIGH HEAT: 1.0300 - 1.0500

DRY BUTTERMILK - WEST

Dry buttermilk prices are unchanged, but the market tone remains weak. Sales above contracts are limited as buyers are reluctant to make purchases beyond immediate needs. Supplies are available from most producers in the region. Producers are not seeking to lower offering prices because that action is not stimulating additional demand. Sales of condensed buttermilk are showing occasional improvement, but a major usage in ice cream is slow to take off. Drying remains heavy as cream is slow to move and needing to be processed at local churns. Dry buttermilk stocks are moderate to heavy and are excessive of current needs.

BUTTERMILK: .6800 - .7200 MOSTLY: .7000 - .7200

DRY WHEY - WEST

Range and mostly prices are weaker as some producers reduce prices in order to clear some building inventories. This pricing strategy is moving some extra loads of whey. Production is heavy and building. A Japanese whey tender was concluded last week. The results are somewhat confusing as to the origin of the powder to fill the requirements and the price level. Domestic buying interest is about steady. Normal account export sales are mixed. Some sellers report improving interest from the Far East as the economic situation improves while others call it a slower market.

NONHYGROSCOPIC: .1800 - .2100 MOSTLY: .1900 - .1950

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended March 12, on powder sales of 8,639,331 pounds f.o.b. California manufacturing plants was \$1.0162 per pound. This compares to 9,338,965 pounds at \$1.0175 for the previous week ending March 5, 1999. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

CORRECTED PAGE

Dairy Market News inadvertently reprinted page 6 from report 10 in report 11. This is the page 6 as it should have been in report 11. We are sorry for any inconvenience this may have caused. The individual reports on the Internet and prices on our recorded information system for report 11 were correct

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

The market tone remains steady to weak. Prices are generally unchanged. A recent winter storm diverted some excess milk supplies to bottling and temporarily decreased NDM production. Milk is also being heavily diverted to cheese manufacturing facilities. Milk production however remains strong keeping the manufacture of NDM steady. Product is readily available for the light buyer demand. Inventories are in better balance than last week. Supplies of NDM are adequate to fully adequate. Movement on contracts and exports clears the most product. Spot trading is at a minimum. Drying schedules are moderate to heavy.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0100 - 1.0600 MOSTLY: 1.0200 - 1.0400

HIGH HEAT: 1.0400 - 1.1500 MOSTLY: 1.0600 - 1.1100

DELVD SOUTHEAST:

ALL HEATS: 1.0400 - 1.1400

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

The market tone is steady to weak with prices generally unchanged. Some contacts are opting not to sell at these prices and are holding inventories until demand increases. Others state that the market is beginning to rebound as buyers increase purchases on the basis of a market bottom. Product continues to be diverted as fluid rather than making powder. Demand is slow with minimal spot trading. Supplies are in balance with current interest. Churning activity remains heavy.

F.O.B. NORTHEAST: .7150 - .7300

DELVD SOUTHEAST: .7100 - .7750

DRY WHOLE MILK - NATIONAL

The market tone is steady with prices mostly unchanged. Product seems to clear better since the drop in milk prices. Excessive milk supplies encourage steady production. Stocks are in line with buyer's needs. Demand is seasonally slow to fair.

F.O.B. PRODUCING PLANT: 1.1500 - 1.3300

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH MARCH 12, 1999

WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 84,212 MT* (185,653,773 LBS)

WHOLE MILK POWDER -- 5,003 MT* (11,029,613 LBS)

CHEESE -- 3,011 MT (6,638,051 LBS)

BUTTERFAT -- 0 MT

REALLOCATED NDM -- 26,258 MT* (57,888,386 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:
Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;
Cheese - 3,350 MT; Butterfat - 29,854 MT.

* Program allocations and reallocated volumes have been filled.

DRY WHEY - NORTHEAST AND SOUTHEAST

The market tone is steady with prices generally unchanged. Milk supplies remain plentiful encouraging good volume intakes by cheese manufacturing facilities. Whey production is steady with stocks moderate and building. Export activity continues to be the best mover of whey with domestic demand no more than fair. Some discounted product is being offered for the very limited interest. Contract commitments are easily met and spot trading is at a minimum. Cheese plants continue to run at near capacity levels inferring continued production increases in whey.

F.O.B. NORTHEAST: EXTRA GRADE .1800 - .1900

USPH GRADE A .1950 - .2100

DELVD SOUTHEAST: .2100 - .2250

ANIMAL FEED WHEY - NORTHEAST

The market tone is steady with some weakness anticipated due to market fluctuations especially in the hog industry. Prices are too few to report. Demand is slow with movement limited to regular shipments and light spot trading clearing product the best.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

The market tone is steady with prices unchanged. Production levels are steady to heavier as some plants take advantage of the growing volumes of surplus milk. Inventories are moderate and building. Some increased movement is anticipated during the upcoming holiday. Current demand remains slow to fair. CCC invites offers under EVD-1 to sell to CCC 2,864,160 pounds of evaporated milk packed in 48/12 or 24/12 oz. cans for shipment in May and June. Terms apply under Invitations 550 and 551. Offers are due March 22.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets remain steady at unchanged prices. As the first quarter of the year comes to a close, casein buyers indicate that they foresee much the same conditions for the second quarter. Sourcing countries indicate that stocks will remain fully sufficient and shipments should arrive on schedule. The overall market tone is steady with the market undertone weak and unaggressive. Buyers anticipate that prices should remain steady if not slightly lower into mid year.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9000 - 2.0500

ACID: 1.9000 - 2.0000

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

The market tone is steady to weak. Lower prices have cleared product allowing some stabilization to the market. Prices are unchanged to lower. Some contacts see this as the potential bottom to the market and cannot foresee lower prices. Production is steady as milk volumes continue to increase. Producer stocks are in balance with current demand. Movement is slow to fair with contracts and some export activity offering the best interest. Drying schedules are heavy due to the excessive milk supplies and lackluster condensed skim sales. Production of human food, nonfat dry milk during January 1999 totaled 119.2 million pounds, up 14.9% from January 1998 and up 11.3% from December 1998. Month ending stocks, at 82.2 million pounds, are 21% below a year ago but 46.4% more than December.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0100 - 1.0500 MOSTLY: 1.0200 - 1.0400
HIGH HEAT: 1.0500 - 1.1500 MOSTLY: 1.0600 - 1.1100

DELVD SOUTHEAST:

ALL HEATS: 1.0400 - 1.1400

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

The market tone is steady to weak with mixed prices. Lower prices have encouraged processors to divert product as fluid rather than drying. With ice cream makers picking up more fluid buttermilk, dry product supplies are in better balance. Demand continues slow with spot trading at a minimum. Discounting is less prevalent at moderate to heavy production levels. Dry buttermilk production during January 1999 totaled 6.1 million pounds, up 8.3% from January 1998 and 24.5% higher than December 1998. Month ending stocks, at 5.0 million pounds, are 33.9% more than a year ago and 23.2% more than last month.

F.O.B. NORTHEAST: .7150 - .7300

DELVD SOUTHEAST: .7100 - .7750

DRY WHOLE MILK - NATIONAL

The market tone is steady with prices unchanged to mostly lower. A drop in the milk price yielded lower whole milk prices. Producer stocks are in balance with current needs. The 1998/99 DEIP program-year (July-June) allocations for whole milk have been filled. Dry whole milk production during January 1999 totaled 11.0 million pounds, down 13.9% from January 1998 and 11.2% above December 1998. Month ending stocks, at 5.7 million pounds, are 13.7% below a year ago but 10.9% more than last month.

F.O.B. PRODUCING PLANT: 1.1500 - 1.3200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH MARCH 5, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 84,212 MT (185,653,773 LBS)
CHANGE -- 7,908 MT (17,433,976 LBS)

Program's allocation has been filled.

WHOLE MILK POWDER -- 5,003 MT (11,029,613 LBS)
Program's allocation has been filled.

CHEESE -- 3,011 MT (6,638,051 LBS)

BUTTERFAT -- 0 MT

REALLOCATED NDM -- 26,258 MT (57,888,386 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:

Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;

Cheese - 3,350 MT; Butterfat - 29,854 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

The market tone is steady with prices generally unchanged. Excessive milk volumes continue to encourage heavy cheese production. Export activity is keeping whey supplies in better balance yet product remains long in some areas. Demand is slow with light spot trading. Production is anticipated to increase as cheese plants are running at near full capacity levels. Production of human food, dry whey during January 1999 totaled 88.8 million pounds, 6.6% less than January 1998 and 4.8% less than December 1998. Month ending stocks, at 40.4 million pounds, are 18.5% above a year ago and 9.4% lower than December.

F.O.B. NORTHEAST: EXTRA GRADE .1800 - .1900

USPH GRADE A .1950 - .2100

DELVD SOUTHEAST: .2100 - .2250

ANIMAL FEED WHEY - NORTHEAST

The market tone is steady and prices are too few to report. Light demand continues as the livestock industry reduces its' need for feed products. Movement is limited to regular shipments and light spot interest. Production of animal feed, dry whey during January 1999 totaled 7.3 million pounds, 11.4% higher than a year ago and 6.4% more than December 1998. Month ending stocks, at 8.4 million pounds, are 208.9% above a year ago and 52.8% higher than last month.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

The market tone is steady with prices unchanged to lower. Excessive milk supplies allow for steady production. Producer stocks are adequate for the slow to fair demand. Canned evaporated milk production during January 1999 totaled 29.1 million pounds, 27.7% less than January 1998 and 19.2% less than December 1998. Month ending stocks, at 41.7 million pounds, are 8.7% more than a year ago and 16.4% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices are generally unchanged from last week. The market tone remains unsettled and weak. Domestic buyers continue to report readily available stocks from sourcing countries. For the most part, domestic users do not anticipate any problems procuring and receiving rennet and acid shipments for the balance of this and the second quarter of this year.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9000 - 2.0500

ACID: 1.9000 - 2.0000

COFFEE, SUGAR, & COCOA EXCHANGE (A Subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	03/03	03/04	03/05	03/08	03/09	03/10	03/11	03/12	03/15	03/16
CSCE/NYBT - BFP -- Dollars per cwt.										
FEB 99	10.15 (190) 5	10.16 (189) 1								
MAR 99	11.22 (155) 2	11.28 (143) 12	11.32 (157) 16	11.37 (157) 2	11.44 (157) 16	11.48 (157) 1	11.40 (159) 2	11.35 (159) 0	11.33 (159) 0	11.30 (161) 3
APR 99	10.84 (165) 4	10.88 (167) 7	10.95 (168) 1	10.98 (169) 1	11.04 (169) 13	11.18 (170) 1	11.18 (172) 9	11.18 (172) 1	11.13 (172) 1	11.05 (173) 3
MAY 99	10.70 (86) 1	10.72 (87) 1	10.73 (87) 10	10.76 (88) 1	10.83 (92) 10	10.98 (92) 0	10.93 (96) 8	10.92 (96) 0	10.90 (96) 1	10.84 (96) 0
JUN 99	10.81 (94) 0	10.81 (94) 1	10.84 (94) 1	10.90 (95) 3	10.93 (102) 7	11.10 (102) 0	11.00 (102) 0	10.95 (102) 0	10.90 (102) 0	10.86 (102) 0
JUL 99	11.73 (47) 1	11.67 (47) 0	11.65 (50) 3	11.58 (51) 2	11.56 (52) 1	11.60 (52) 1	11.57 (53) 1	11.55 (53) 0	11.50 (52) 1	11.50 (53) 10
AUG 99	12.48 (61) 0	12.47 (61) 0	12.50 (63) 2	12.42 (64) 7	12.39 (64) 3	12.43 (67) 3	12.38 (68) 1	12.38 (68) 0	12.38 (68) 0	12.37 (69) 1
SEP 99	13.12 (74) 2	13.06 (74) 0	13.06 (74) 4	12.98 (76) 2	12.97 (76) 0	12.95 (77) 1	12.90 (78) 1	12.83 (78) 0	12.73 (79) 1	12.73 (79) 0
OCT 99	13.25 (70) 1	13.20 (71) 1	13.15 (71) 0	13.13 (71) 0	13.13 (73) 2	13.15 (74) 1	13.05 (74) 1	13.05 (74) 0	13.00 (74) 0	12.95 (78) 4
NOV 99	13.08 (34) 1	13.08 (35) 1	13.08 (35) 0	13.05 (35) 0	13.05 (35) 0	13.10 (37) 2	13.05 (38) 1	13.05 (38) 0	13.00 (38) 0	12.90 (38) 0
DEC 99	12.80 (17) 2	12.78 (20) 3	12.78 (22) 2	12.60 (27) 5	12.66 (29) 7	12.70 (29) 10	12.70 (29) 0	12.70 (30) 1	12.70 (30) 0	12.60 (30) 0
JAN 00	12.18 (6) 0	12.18 (6) 0	12.18 (6) 0	12.18 (6) 0	12.19 (7) 1	12.25 (8) 1	12.25 (8) 0	12.30 (8) 0	12.30 (8) 0	12.30 (8) 0

CME - BUTTER -- Cents per pound

MAR 99	137.50 (0) 0	137.50 (33) 12	137.50 (0) 0	137.50 (0) 0	137.50 (0) 0	134.75 (0) 0	134.70 (0) 1	131.00 (0) 2	130.00 (0) 2	128.00 (0) 6
MAY 99	141.00 (0) 0	141.00 (15) 0	141.00 (0) 0	140.50 (0) 0	140.50 (0) 0	137.00 (0) 0	137.00 (0) 1	137.00 (0) 0	133.00 (0) 1	133.00 (0) 0
JLY 99	143.00 (0) 0	142.50 (46) 1	142.50 (0) 0	142.50 (0) 0	142.50 (0) 0	141.00 (0) 0	140.50 (0) 0	140.50 (0) 0	136.00 (0) 1	136.00 (0) 0
SEP 99	144.50 (1) 0	146.50 (161) 5	146.50 (1) 1	145.75 (1) 1	145.75 (1) 1	143.00 (1) 1	142.50 (1) 0	142.50 (1) 0	139.00 (1) 7	138.00 (1) 1
OCT 99										139.00 (0) 1

CME - BFP -- Dollars per cwt.

FEB 99	10.15 (947) 60	10.20								
MAR 99	11.25 (1040) 59	11.28 (1052) 43	11.33 (1015) 97	11.39 (982) 70	11.43 (1004) 44	11.43 (999) 89	11.40 (1004) 18	11.37 (1001) 33	11.25 (1000) 34	11.30 (1001) 31
APR 99	10.81 (776) 65	10.88 (776) 2	10.90 (790) 27	10.95 (802) 13	11.02 (831) 49	11.20 (828) 29	11.16 (839) 87	11.17 (842) 42	11.09 (844) 28	11.02 (844) 23
MAY 99	10.65 (655) 45	10.70 (655) 4	10.72 (664) 14	10.75 (685) 24	10.80 (688) 23	10.95 (689) 8	10.90 (705) 29	10.90 (714) 27	10.85 (714) 1	10.82 (720) 12
JUN 99	10.83 (473) 31	10.82 (479) 9	10.85 (481) 3	10.91 (479) 12	10.98 (486) 16	11.11 (496) 30	11.00 (525) 43	10.95 (527) 15	10.90 (526) 4	10.89 (530) 5
JUL 99	11.70 (362) 12	11.60 (362) 17	11.62 (362) 6	11.57 (364) 13	11.54 (373) 18	11.56 (382) 9	11.56 (384) 2	11.45 (384) 4	11.50 (388) 13	11.49 (406) 18
AUG 99	12.50 (306) 27	12.48 (318) 12	12.49 (316) 1	12.41 (328) 14	12.40 (340) 14	12.40 (354) 21	12.37 (358) 6	12.36 (382) 50	12.35 (385) 11	12.35 (390) 9
SEP 99	13.10 (242) 7	13.05 (247) 9	13.03 (256) 13	12.99 (261) 15	12.98 (275) 20	12.95 (285) 10	12.89 (295) 11	12.78 (306) 12	12.70 (309) 3	12.70 (321) 20
OCT 99	13.25 (244) 5	13.26 (248) 4	13.18 (250) 2	13.12 (261) 11	13.13 (266) 6	13.14 (275) 9	13.08 (280) 17	13.06 (288) 13	12.98 (291) 3	12.95 (306) 24
NOV 99	13.08 (156) 6	13.08 (158) 2	13.07 (160) 6	13.05 (168) 16	13.06 (174) 8	13.07 (181) 9	13.04 (184) 4	13.03 (190) 7	12.95 (198) 9	12.85 (203) 10
DEC 99	12.87 (56) 9	12.80 (64) 8	12.80 (72) 11	12.51 (73) 1	12.60 (74) 2	12.65 (74) 0	12.65 (74) 0	12.75 (74) 1	12.74 (77) 4	12.65 (82) 5
JAN 00	12.25 (3) 0	2.22 (3) 0	12.20 (3) 0	12.20 (5) 2	12.20 (5) 0	12.22 (6) 1	12.22 (6) 0	12.22 (6) 0	12.22 (6) 0	12.22 (6) 0

1/ At the CSCE/NYBT Open interest for NDM -- 44,000 pounds per contract, Cheddar Cheese -- 10,500 pounds per contract, Fluid Milk -- 50,000 pounds per contract, BFP -- 100,000 pounds per contract. At the CME Open interest for Cheddar Cheese -- 40,000 pounds per contract and BFP -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered March 8 - 19, 1999

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Intervention for skim milk powder is now open in Europe. Offerings have cleared to intervention, but are reported to be not as heavy as previously anticipated. One factor producers and handlers are attributing to slower offerings is that producer milk deliveries are being curtailed within quota levels, thus limiting powder production. The milk quota year ends in two weeks, thus milk volumes are anticipated to increase significantly after April 1. It is too early to know what effect the resignation of the entire EU Board of Commissioners will have on European dairy policy. Most traders do feel that European agriculture policy activity along with all other policies, will slow until new commissioners are seated. Late last week, EU farm ministers finalized a reform deal for the Common Agriculture Policy. Under the agreement, guaranteed prices for butter and skim milk powder will be cut by a total of 15% over a three year period versus four years. Implementation of dairy reform will be delayed until 2003 rather than next year. The proposal must still be approved by the Council of Finance Ministers later this month. International trading activity out of Europe continues. No significant sales activity has occurred, although recent sales have been the most active in many months. European traders feel that for the time being, U.S. and Oceania sources are out of the picture as potential sources for current buyer interest, thus giving Europe greater opportunities to fill needs as spring milk production builds.

BUTTER/BUTTEROIL: Butter prices in Eastern and Western Europe are steady to weak. PSA is now open with excess butter stocks being offered to the storage program. Overall international buying interest is light and unaggressive. Production of butter/powder is seasonally low and being further reduced by lighter milk marketings as the milk quota year end nears. Stock levels are reported to be sufficient for current buyer interest.

82% BUTTERFAT:	1,400 - 1,650
99% BUTTERFAT:	1,725 - 1,950

SKIM MILK POWDER (SMP): Skim milk powder markets are steady to weak. Prices are steady to lower and coming more in line with intervention price levels. Powder continues to be offered to intervention, although offerings are not as heavy as anticipated. Some traders attribute the lighter offerings to recent international trade and lighter production of butter/powder due to lighter volumes of available milk due to the March 31 milk quota year end. Although some sales interest has developed over the past few weeks, no significant sales are developing as of yet. Traders feel that a window of opportunity is open where by European stocks would be able to fill potential buyer interest with the U.S. and Oceania regions out of the market for the near future.

1.25% BUTTERFAT:	1,210 - 1,300
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WHOLE MILK POWDER (WMP): Whole milk powder markets are weak. Prices are generally lower. Although overall sales activity has been light and unaggressive, some whole milk powder sales have been occurring. For the most part, sales of powder are minimal, but traders indicate that at least potential buyers are returning to the marketplace and questioning availability and price.

26% BUTTERFAT:	1,450 - 1,500
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SWEET WHEY POWDER: Whey powder markets are steady to weak, with prices unchanged to generally lower. The market tone is weak. Whey stocks in Europe are reported to be sufficient for current buyer interest, although quoted prices may be higher than potential buyers are willing to pay. Outside of recent buyer interest from Japan, international sales are limited.

NONHYGROSCOPIC:	450 - 550
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OVERVIEW: EASTERN EUROPE: Eastern European milk production is holding steady at seasonally low levels. Though winter is still at hand by the calendar, conditions are developing for a good start to the spring season. Sales of manufactured dairy products out of Eastern Europe are occurring, although some offering prices are reported to be higher than buyers are willing to pay.

OCEANIA

OVERVIEW: Milk production throughout the Oceania region continues to decline toward the seasonal end. For the most part, milk production trends remain much the same as previously reported with Australia projecting 5 - 6% growth over last year while New Zealand is projecting a 3 - 4% decline. Trading activity from both countries is slow and unaggressive. Ongoing trading continues, but new spot buyer interest is quite limited. Oceania traders do not foresee much sales potential in the near future. Stock levels of available dairy products vary from somewhat long for butter with the balance of other products reported to be in balance with projected needs. Many Oceania traders indicate that they are not overly concerned with fully adequate inventory levels in relationship to potential sales.

BUTTER: Butter markets are steady to slightly weaker. For the most part, sales activity is light and limited to ongoing/contractual business. New spot buyer interest is light. Stocks are reported to be sufficient to the point that renewed buyer interest could potentially be filled with Oceania stocks. Availability of Oceania stocks are being attributed to light sales activity during the winter season in the Northern Hemisphere.

82% BUTTERFAT:	1,450 - 1,550
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CHEDDAR CHEESE: Oceania cheese markets are basically unchanged from past weeks. The milk production season is coming to a close in Australia and New Zealand, thus cheese production is also declining. Stock levels are reported to be in balance with current and projected needs. Ongoing trading activity continues to clear steady volumes of cheese with minimal sales on a spot basis occurring. Oceania traders do not see much growth in cheese demand for the foreseeable future.

39% MAXIMUM MOISTURE:	1,750 - 1,850
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SKIM MILK POWDER (SMP): Skim powder markets are generally steady at unchanged prices. The market tone is weak. Overall international skim demand is light and unaggressive. Minimal, recent international buying interest of skim milk powder that has occurred has been filled by other sources versus Oceania stocks. Stock levels in the Oceania region are reported to be in comfortable balance at this time. Producers and handlers are not overly concerned with stock levels in relationship to slow buyer interest.

1.25% BUTTERFAT:	1,300 - 1,350
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to slightly weaker pricewise. For the most part, sales have been limited to regular/ongoing buyers. No significant new spot buyer interest has developed or is foreseen to be on the horizon. Stock levels are reported to be in a comfortable position with current and projected needs. Some reports indicate that whole milk stocks are somewhat heavier than desired.

26% BUTTERFAT:	1,500 - 1,600
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Exchange rates for selected foreign currencies: March 15, 1999

.4962 Dutch Guilder	.5591 German Mark
.1667 French Franc	.5308 New Zealand Dollar
.1033 Mexican Peso	.6292 Australian Dollar
1.6230 British Pound	.0085 Japanese Yen
.2542 Polish Zloty	1.0935 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1033) = 9.6805. That is 1 US Dollar equals 9.6805 Mexican Pesos.

Source: "Wall Street Journal"

FEBRUARY MILK PRODUCTION

Milk production in the 20 major States during February totaled 10.8 billion pounds, 4.3 percent above production in these same States in February 1998. January revised production, at 11.7 billion pounds was 3.5 percent above January 1998.

Production per cow in the 20 major States averaged 1,407 pounds for February, 60 pounds above February 1998.

The number of cows on farms in the 20 major States was 7.70 million head, down 16,000 head from February 1998 and down 4,000 from January 1999.

FEBRUARY 1999 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1998	1999	1998	1999	1998	1999	% CHANGE FROM 1998
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	130	132	1,660	1,835	216	242	12.0
CA	1,405	1,448	1,480	1,560	2,079	2,259	8.7
FL	160	158	1,300	1,335	208	211	1.4
ID	283	306	1,490	1,490	422	456	8.1
IL	129	125	1,310	1,310	169	164	-3.0
IN	134	136	1,260	1,300	169	177	4.7
IA	224	215	1,320	1,380	296	297	0.3
KY	143	135	965	970	138	131	-5.1
MI	296	301	1,370	1,415	406	426	4.9
MN	555	545	1,320	1,400	733	763	4.1
MO	175	164	1,090	1,150	191	189	-1.0
NM	216	220	1,480	1,615	320	355	10.9
NY	698	702	1,280	1,340	893	941	5.4
OH	265	260	1,310	1,340	347	348	0.3
PA	625	615	1,365	1,375	853	846	-0.8
TX	365	340	1,290	1,400	471	476	1.1
VT	162	162	1,285	1,320	208	214	2.9
VA	125	122	1,175	1,190	147	145	-1.4
WA	250	248	1,605	1,695	401	420	4.7
WI	1,376	1,366	1,255	1,300	1,727	1,776	2.8
20 STATE TOTAL	7,716	7,700	1,347	1,407	10,394	10,836	4.3

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (3-99), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK*

The milk production forecast for 1998/99 is increased slightly to reflect increased output per cow. The commercial use forecast and CCC removals for 1998/99 are increased. The milk price forecasts for 1998/99 are lowered to reflect sharp declines in product prices.

U.S. MILK SUPPLY AND USE

Item	1996/97 1/	1997/98 Projection 1/		1998/99 Projection 1/	
		February	March	February	March
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/ 23/	4.9	5.9	5.9	5.8	5.8
PRODUCTION	155.9	156.9	156.5	159.9	160.1
FARM USE	1.4	1.4	1.4	1.3	1.3
MARKETINGS	154.5	155.5	155.2	158.6	158.8
IMPORTS 2/	2.8	4.0	4.0	3.8	3.8
TOTAL COMMERCIAL SUPPLY 2/	162.2	165.5	165.1	168.1	168.4
USE					
COMMERCIAL USE 2/ 3/	155.6	159.0	158.6	162.0	162.3
ENDING COMMERCIAL STOCKS 2/	5.9	5.8	5.8	5.8	5.8
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.7	0.7	0.7	0.3	0.3
SKIM SOLIDS BASIS 4/	2.7	4.5	4.5	3.3	3.6
		DOLLARS PER CWT.			
PRICES RECEIVED BY FARMERS 5/					
BASIC FORMULA (BFP)	11.88	13.28	13.28	13.35-13.85	13.00-13.40
ALL MILK 6/	13.53	14.56	14.56	14.95-15.45	14.70-15.10
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	24	21	21	5	5
CHEESE	10	8	8	7	7
NONFAT DRY MILK	222	368	368	275	295
	QUARTERLY 7/			ANNUAL 7/	
	1999 I	1999 II	1999 III	1998	1999
	BILLION POUNDS				
MILK PRODUCTION	40.0	41.7	39.6	157.4	160.8
	DOLLARS PER CWT.				
ALL MILK PRICE 4/ 5/	16.20-16.40	12.40-12.90	12.50-13.30	15.38	13.75-14.35
BASIC FORMULA PRICE 4/	12.60-12.80	11.25-11.75	11.40-12.20	14.20	11.90-12.50

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 7/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairman, WAOB; Arthur Coffing, FAS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-348, World Agricultural Outlook Board, USDA, March 11, 1999.

Procedure for Determining the Butter Price Average for Use in Federal Milk Orders

The Grade AA Butter spot call (cash market) contract on the Chicago Mercantile Exchange (CME) is used to compute the butterfat differential and the Basic Formula Price under Federal milk orders. Beginning on March 8, 1999, the trading of this contract was expanded, from once a week on Friday, to three times a week on Monday, Wednesday, and Friday. The procedure to determine the monthly average of this price series for use in Federal milk orders will be changed to incorporate the additional trading days' price quotes.

Prior to the March 8th change, the following procedure was used to compute the CME Grade AA Butter price monthly average. A price was assigned to each day of the month by applying the Friday trading day price level to that day and to the succeeding days, weekends and national holidays included, until the next trading day, usually Friday. (The next trading day could be another day depending on holidays.) An average of the daily price quotes for the month was computed. This procedure is called time weighting. This procedure followed the generally standard industry practice of settling current sales transactions based the previous week's CME price quote.

At the present time, there is no industry consensus on how the additional price quotes will be used in settling sales transactions. However, some industry members have indicated that they likely will use the simple average of the price quotes for the previous week. It might be pointed out that when the CME initiated daily trading on the Cheddar cheese spot call contract, the cheese industry generally adopted the weekly average as the basis for settling sales transactions in the following week.

It has been decided that, for use in Federal milk orders, the monthly average CME Grade AA Butter price will be based on the simple average of the price quotes during the week. A similar time-weighting process will be followed. In this case, a price will be assigned to each day of the month by applying the simple average of the price quotes during the week to the following Saturday through Friday, national holidays included. An average of the daily price quotes for the month will be computed. This procedure both is comparable to the current method and takes advantage of the additional price quotes. For March 1999, the old procedure will be followed through the 12th, with the price on the 5th also assigned to the 12th, and the new procedure will begin on the 13th. The new procedure will be used exclusively beginning with the monthly average for April 1999.

Prepared by Dairy Programs, Agricultural Marketing Service, USDA. Comments can be directed to John Rourke of the Market Information Branch, 202-720-7461.

JANUARY FLUID MILK SALES HIGHLIGHTS

During January, sales of fluid milk products in Federal milk order marketing areas and California were 1.4 percent above January 1998, and 0.8 percent below December 1998 on an adjusted daily average basis. Sales of whole milk products were 1.7 percent above the previous year, while sales of fat-reduced milk were 1.0 percent above the previous year. Fluid milk sales were higher in all regions.

**SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, FAT-REDUCED MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER
MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, JANUARY 1999, WITH COMPARISONS 1/**

Region 4/	Whole Milk Items 2/		Fat-Reduced Milk Items 3/		Total Fluid Items	
	Sales	Change from:	Sales	Change from:	Sales	Change from:
	January	Prev. year 5/	January	Prev. year 5/	January	Prev. year 5/
	Mil. lbs.	Percent	Mil. lbs.	Percent	Mil. lbs.	Percent
Northeast	344	0.5	467	1.7	811	1.3
Southeastern	341	1.7	458	-0.7	799	0.4
Midwest	275	4.2	980	1.8	1,255	2.6
Southwest	174	2.1	218	2.3	392	2.3
Far West	332	0.9	686	0.1	1,018	0.5
All Areas Combined	1,465	1.7	2,810	1.0	4,274	1.4

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represent approximately 90 percent of total fluid milk sales in the U.S. 2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Fat-reduced milk items include plain, solids added, flavored, and miscellaneous fat-reduced milk products, and buttermilk.

4/ For the marketing areas included in each region, see DMN Vol 65, report #12. Far West includes California. 5/ Monthly and year-to-date percent change are based on sales figures adjusted for calendar composition.

**PACKAGED SALES OF FLUID MILK PRODUCTS IN ALL MARKETING AREAS DEFINED BY FEDERAL MILK
ORDERS AND CALIFORNIA, DECEMBER 1998, WITH COMPARISONS 1/**

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil. lbs.	Percent	
Whole milk 2/	1,511	1.4	-0.5
Reduced Fat Milk (2%)	1,366	-0.6	-2.2
Low Fat Milk (1%) 3/	646	1.6	2.5
Fat-Free Milk (skim)	702	0.7	0.7
Buttermilk	51	-2.1	-1.8
Total Fluid Milk Products 4/	4,291	0.8	-0.4

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Tennessee Valley market, which was terminated October 1, 1997, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. 2/ Includes flavored whole milk. 3/ Includes flavored fat-reduced milk. 4/ Includes miscellaneous products.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

	FOR THE WEEK OF MARCH 15 - 19, 1999			CUMULATIVE TOTALS			UNCOMMITTED	INVENTORIES
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/98	LAST YEAR	03/12/99	LAST YEAR	
BUTTER								
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
CHEESE								
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
NONFAT DRY MILK								
Nonfortified	6,290,274	-0-	6,290,274	27,681,426	40,463,524	-0-	-0-	
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
TOTAL	6,290,274	-0-	6,290,274	27,681,426	40,463,524	-0-	-0-	

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF MARCH 15 - 19, 1999 =	1.4	73.2	COMPARABLE WEEK IN 1998 =	0.6	30.8
CUMULATIVE SINCE OCTOBER 1, 1998 =	6.1	322.0	CUMULATIVE SAME PERIOD LAST YEAR =	8.9	471.0
CUMULATIVE JANUARY 1 - MARCH 19, 1999 =	6.1	321.0	COMPARABLE CALENDAR YEAR 1998 =	7.2	379.6

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
 **Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL										
	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT			
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98		
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	2,221,551	0.0		5.5
WEST	-0-	-0-	-0-	-0-	27,681,426	38,131,798	100.0			94.2
EAST	-0-	-0-	-0-	-0-	-0-	110,175	0.0			0.3
TOTAL	-0-	-0-	-0-	-0-	27,681,426	40,463,524	100.0			100.0

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Regions*													U.S. TOTAL		% DAIRY OF ALL	
		1	2	3	4	5	6	7	8	9	10		WEEK :SINCE JAN 1:	WEEK : SINCE JAN 1		
1999-Dairy cows	HD (000)	0.2	1.0	5.9	5.7	17.8	2.5	3.1	0.6	10.2	3.3	50.4	420.3	48.1	41.9	
1998-Dairy cows	HD (000)	0.3	1.6	6.3	5.4	18.9	3.2	3.0	1.2	12.7	3.5	56.1	528.3	49.9	48.8	
1999-All cows	HD (000)	0.2	1.0	8.0	15.1	25.6	14.4	17.2	4.3	11.5	7.3	104.8	1,004.2			
1998-All cows	HD (000)	0.3	1.6	8.5	15.5	27.8	15.2	16.8	5.8	14.1	6.7	112.4	1,082.5			

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, DN, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

MAY DELIVERY		JUNE DELIVERY		OFFERS ARE DUE MARCH 22.	PUBLIC RELEASE
	<u>POUNDS</u>		<u>POUNDS</u>	IS SCHEDULED FOR 4:00P.M. MARCH 25.	
PROCESS					
2# PROCESS LOAF	752,400		633,600		
5# PROCESS LOAF	79,200		--		
PROCESS SLICED	633,600		752,400		
<u>MOZZARELLA</u>					
	645,120		1,088,640		
<u>CHEDDAR</u>					
<u>BARRELS</u>	280,000		--		

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 41,342,511

THIS COMPARES TO 41,107,285 DURING THE COMPARABLE PERIOD LAST YEAR.

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

[illegible]